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Advertising Age

50 YEARS 1930-1980

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Backe out; what bugged Paley this time?

By MAURINE CHRISTOPHER

LOS ANGELES—Having fired his last two choices, the 78-year-old William Paley is searching for still another executive to take over when he finally steps down as chairman of CBS Inc.

John Backe's departure as president and chief executive late last week was as abrupt as that of Arthur Taylor in 1976. Wednesday night, Mr. Backe—the only man to whom Mr. Paley ever surrendered the ceo title—was here at the gala affiliates convention banquet celebrating CBS-TV's return to the top in prime time ratings.

▪ The next day, back in New York, the onetime publishing executive got off the plane to hear he was through at Black Rock, the CBS headquarters. The shock reverberated from coast to coast but no one, except Mr. Paley, appeared to know why he asked Mr. Backe to resign.

Speculation centered around a *TV Digest* interview in which Mr. Backe had confirmed CBS' long-rumored plan to move promptly into satellite cable programing. Mr. Backe also said in a session with affiliates that CBS was checking with Washington to see if it could get the rules revised to allow the parents of the major tv networks to own cable systems.

Affiliates accepted CBS' cable aspirations fatalistically, but Mr. Paley was said to be "off the wall" at the prospects of what these new technology projects might do to his beloved television network.

Other reasons suggested for Mr. Backe's downfall: The president may have settled the antitrust programing suit with the Justice Department without clearing with the chairman; even good financial reports (though first-quarter profits were down) weren't impressive enough for Mr. Paley.

However, veteran Paley watchers suspect that the founder of CBS is having trouble turning over his corporate child to anyone. Mr. Taylor's 1976 departure was never clearly explained, but it was believed Mr. Paley did not feel Mr. Taylor was the one he wanted eventually to take the reins of CBS.

There was no doubt on Wall Street that Mr. Backe was fired solely on the "bizarre" decision of chairman Paley.

Analysts speculated a variety of

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Hits Supradent

W-L plans counter to saccharin

By SAM HARPER

NEW YORK—Originally expected to offer a new gum with saccharin to counter Life Savers' introduction of Supradent, Warner-Lambert Co.'s American Chicle division has turned the tables on its long-time rival by announcing a marketing campaign that will emphasize its Trident brand contains no saccharin.

Scheduled to break this summer, the Trident broadcast and print campaign will conflict with Life Savers' multi-million-dollar effort on behalf of its new gum (AA, April 28).

While a Chicle statement issued last week indicated the campaign is meant to eliminate possible confusion between Trident and Supradent, which have packaging similarities, an industry source said the campaign was created to minimize the effectiveness of the Life Savers effort by questioning the use of saccharin.

▪ The main focus of the campaign will be a boldly designed sticker, applied to all Trident packages, stating that the brand "contains no saccharin."

Life Savers' president W. Mack Morris is confident that the use of saccharin in its product is safe. "We feel that our actions in the market are socially responsible," he said, "Especially when you consider that one 12-oz. can of diet soda has about the same saccharin content as 200 pieces of Supradent."

Mr. Morris added that a report conducted by a group of health organizations, including the National Cancer Institute, proved that the moderate consumption of saccharin is not harmful to human beings. "With those reports in

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Dancing crew and celebrities praise Wendy's 'taste'

"Wendy's has the taste," tout the singing and dancing crew members in a new national campaign scheduled to break June 1 (AA, May 5). The new spots feature the fast-food chain's full menu as well as its new salad bars. Such celebrities as Peggy Cass, Kaye Ballard and Jack Carter are shown, but not identified, in the spots. Ads are the first for new agency Colarossi/Griswold-Eshleman, New York. Total budget put at $48,000,000.

Allstate: No security breach by Burnett

CHICAGO—Both Leo Burnett Co. and client Allstate Insurance Co. said there is no conflict between the two over the fact that Burnett sent ads for a nonsmoking insurance policy to another client, Philip Morris, before the campaign began.

"Whether or not direct contact was made between Burnett and Philip Morris is irrelevant, since no attempt was made to keep our campaign under wraps, either inside the agency or outside," said a statement attributed to both Archie Roe, chairman of Allstate, and Burnett chairman C. R. (Jack) Kopp.

"We are absolutely not concerned that the tobacco industry had advance notice of the campaign," the statement continued. The two executives said they consider the issue a "a non-problem."

The statement further noted that "It is Allstate's intention to distribute its advertising in the widest possible manner to its agents and employes before any campaign begins."

Mr. Kopp told ADVERTISING AGE the matter revolved around "an interpretation of whether or not the campaign was public." Mr. Kopp

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last minute news

Armour-Dial to test Spirit deodorant soap

PHOENIX—Armour-Dial will test Spirit, a scented deodorant soap similar to P&G's Coast, in western Michigan markets including Grand Rapids, Kalamazoo and Muskegon. Tv support for the bath and family-size bars, through Foote, Cone & Belding/Honig, San Francisco, breaks June 16. Packages, carrying a 10¢-off coupon, tout Spirit's "unique droplets of natural liquid scent." Sampling also is planned.

GF gives Bates $24,000,000 in billings

WHITE PLAINS, N.Y.—The eight-month General Foods search for a fifth agency ended with Ted Bates & Co. winning $24,000,000 in billings: Maxim coffee, $7,500,000, and Good Seasons, $7,500,000, both from Ogilvy; Mellow Roast, $4,500,000, from Grey, and Log Cabin, $4,500,000, from Y&R. GF also added two products to the Benton & Bowles list: Yuban coffee, $3,500,000, from Grey, and Gaines Full Course dry dog food, from O&M. Full Course, now in test, may get $10,000,000 in ad support as it rolls national. FCB was runner-up to Bates.

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Korda wants residuals for writers

PALM SPRINGS—Noting that all the talent used in broadcast commercials get residual payments based on how often the commercial is used, creative expert Reva Korda proposes that agency copywriters get residuals, too.

Ms. Korda, head of Reva Korda Associates, an independent subsidiary of Ogilvy & Mather, plans to make her unusual proposal next Saturday at the Western States Advertising Agencies Assn. conference here.

Admitting that her suggestion is "prompted by greed," she added that "if writers got residuals I guarantee the commercials they wrote would be better.

"Good campaigns, sound campaigns, tend to stay on the air a long time," she continued. "Despite the most valiant efforts of changing creative directors and nomadic brand managers, the really excellent commercials manage to last."

If writers got residuals, "I bet you'd see a lot more basic thinking, a lot less babbling about positioning and psychographics, a lot more talking to the consumer and a lot of happier faces on clients," she predicted.

▪ Ms. Korda admitted that such rewards for the copywriter would lead to the question of similar remuneration for "the art director and the agency producer and the nice young account man who hovered around them urging them on and the research people who pointed the way.

"We can deal with that down the road," she said. "Right now I'm talking about somebody especially dear to my heart—the copywriter."

She added that she refused to worry about the complicated bookkeeping for residual payments. "Agencies that don't already have computers can get together and share time. What they cannot get together and share is the kind of exceptional talent and intuition that leads to a campaign so strong and simple that no sane client will allow anyone to take it off the air."

Ms. Korda has a bagful of copy-

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NEWSPAPER
Page 3
AA MAR 81
DC20014 ACNGL1HAGNS 02115920013
F HAGERMAN SECY TO SF VP
CONGRESSIONAL INFO SERVICE
7131 WISCONSIN AVE
WASHINGTON DC 20014

Recovery and then some

BBDO on a hot streak

By BERNICE KANNER

NEW YORK—At 10:48 on the morning of March 1, 1979, Chrysler Corp. chairman Lee Iacocca stepped out of a board meeting to telephone Batten, Barton, Durstine & Osborn chairman Bruce Crawford with some bad news—the No. 3 U.S. auto maker was ditching its agency of 35 years to move in with Kenyon & Eckhardt.

The internal memo carrying the "stunning news" bemoaned Chrysler's ax as "a bad move for BBDO and the advertising agency business," warned that "consequences will be very significant" but vowed that BBDO "will not only survive but continue to flourish."

▪ Just over a year later, BBDO has shown the world more than a stiff upper lip. It has shown, in the words of its flaxen-haired leader, that the Chrysler loss "hasn't meant a damn thing to BBDO or the agency business; it's turned out to be a nonevent." The reason, of course, is BBDO's astounding recovery.

▪ In the last month, the domestic agency, with 1979 domestic billings of $625,000,000, set a blistering new business pace, bringing in five additional accounts with an estimated worth of more than $50,000,000. Following the loss of Chrysler the agency had added three new chunks of business estimated to bill $60,000,000 in 1979.

Though BBDO lost its largest client in March 1979—Chrysler billings were $80,000,000 in 1978—an almost immediate business gain helped cushion the blow. Jos. Schlitz Brewing Co. turned its Old Milwaukee beer and about a $5,000,000 budget over to BBDO. The brand previously had been at Cunningham & Walsh (AA, March 12, '79).

Then, after months of "suffering silently," the agency, which had brought good things to life for General Electric consumer products, won GE ranges, ovens, refrigerators and home laundry business. The new assignments, previously at Young & Rubicam are expected to ring up another $25,000,000 in the BBDO billings register this year (AA, Sept. 17).

Two months later, the R. J. Reynolds Tobacco Co. Camel strolled out of William Esty Co. into BBDO following the move of the Winston brand from Dancer Fitzgerald Sample to Esty (AA, Dec. 3). The dromedary is believed to carry a $25,000,000 allowance.

▪ But the first sign that the agency had really started to sizzle came in early April when Timex Corp.

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Guiding the rebound of BBDO are agency chairman Bruce Crawford and newly named president Allen Rosenshine.

Aiming at small investors, the First National Bank of Chicago last week introduced its "First Rate Investments," short-term, discounted portions of banker's acceptances yielding interest rates similar to money market funds. Foote, Cone & Belding handles.

Givens waves red flag—will Detroit heed?

By RALPH GRAY

DETROIT—When Chrysler's Jack Givens said that it is Detroit's own fault U.S. car sales are down and import sales up (AA, May 5), the response here was similar to that given the "emperor's new clothes."

Though some execs thought the marketing clothes are merely ill-fitting, others—like the urchin in the fable—said it was about time somebody noticed the "emperor" was naked.

Mr. Givens told his marketing peers at the Adcraft Club of Detroit that importers "are out-marketing us in our own backyard. They've beaten us at our own game. Their cars offer the ambience, the practicality and the operating economy that Americans want.

"People are buying imports today because they like them, because they're right for the times. Any other excuse we use for their success just won't hold water."

It was the first time a top-level auto exec has admitted that and it drew a standing ovation from the packed house. Later reaction also has been favorable, Mr. Givens said. Asked why he spoke out, Mr. Givens replied, "It seemed appropriate. The industry is in trouble and it seemed like a timely topic." Not everyone completely agreed.

Mr. Givens was "overly harsh on the industry. We've moved as swiftly as humanly possible," one veteran marketer maintained. "In a couple of years, American manufacturers will be able to compete more aggressively in the segments owned by the imports," he predicted.

That may be true, countered another seasoned marketer, but right now, the industry lacks true import fighters in any quantity. The Chrysler K-car (Aries and Reliant) seemingly are aimed at General Motors X-body compacts and Ford won't have enough subcompact Escorts and Lynxes to make a dent on imports. "We're going into model 1981 and they still ain't ready," he groused.

Another ranking automotive marketer said Mr. Given's Detroit mea culpa was "pretty tough but that says it. We have been competing with ourselves and not going after the real problem. We had warnings 10 years ago. The West Coast has always been a trend setter.

"It's nonsense to say things will straighten out by themselves. They won't unless we do it. Givens is dead on when he says the imports are beating us on quality and efficiency. Now the imports are out to get us on design. They're after us on this.

"The pity is now the sleeping giant [Detroit] has awakened, there is no way to beat the time lapse. We'll get there [fully competitive]—no question about it. But it will be painful in the meantime."

Officially GM, Ford Motor Co., American Motors, Toyota, Datsun and Volkswagen had no comment on the speech by Mr. Givens, director of marketing for Chrysler Corp. He previously had been the head of Wells, Rich, Greene on the West Coast and a long-time Ford marketing exec.

Speaking from those years of experience, Mr. Givens charged that "For too long, Detroit has been more a seller than a marketer." He defined selling as "preoccupied with the seller's need to convert his product into cash." Marketing is "assessing consumer needs and wants, developing and designing products to meet them and advertising those products.

"We in Detroit look at consumer trends, appraise consumer needs and assess their wants. But all of us

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highlights

Monday, May 12, 1980

Several major marketers displayed new products for retailers at the annual Food Marketing Institute convention in Dallas. *See Page 4.*

A Food Marketing Institute survey reports food stores can expect increased consumer activism. *See Page 4.*

Liggett Group and Standard Brands are proposing to merge. *See Page 6.*

Bonne Bell Inc. launches Collage makeup line for active women. *See Page 10.*

A San Francisco radio network and NBC-TV will be bringing Wimbledon action to U.S. tennis fans. *See Page 12.*

The National Advertising Division of the Council of Better Business Bureaus turned down the Civil Aeronautics Board's request for a probe of trucking deregulation ads. *See Page 14.*

A former ad executive is trying to market a new fuel made from hydrogen and the method for converting cars to that fuel. *See Page 28.*

Grocery publications face declining times and tough times. *See Page 34.*

Motel and hotel chain executives are making ad plans to attract summer vacationers who might have gas and recession worries. *See Page 38.*

Elisa Kaplan presents the empire the late Charles D. Tandy built over the last two decades in his hometown of Fort Worth, Tex. The Tandy Corp., now headed by Mr. Tandy's boyhood chum, Phil North, is best known as the parent organization of the worldwide chain of Radio Shack stores. *See Page 41.*

Bob Stone offers a survey he conducted on what direct marketers expect to see in the way of response rate this year and presents some production saving hints for catalogs. *See Page 46.*

Gary Knisely interviews Susan Denison, a former package goods marketer who is now using her skills to market programs for the cable industry. *See Page 48.*

The BBC, broke but haughtily refusing to accept advertising, has had its halo knocked askew by a silly series called "Buccaneer." *See Page 52.*

Spain's Iberia Airlines, a publicly owned company tired of its bad reputation, has made a fresh start by dumping its agency, hiring another and developing a new image. *See Page 54.*

Israeli companies got their first chance to advertise on the country's popular radio station *Galei Zahal* last month when the station conducted a telethon. *See Page 55.*

WPIX puts prime time national newscast on Westar. Thirty stations set for June 9 start. *See Page 61.*

Video games invade the pinball market. Is there room for everyone? *See Page 62.*

O&M chief William Phillips sees bright future for direct response internationally. *See Page 62.*

The New Orleans morning *Times-Picayune* and afternoon *States-Item*, both owned by Newhouse Newspapers, will be combined into one all-day newspaper in June. *See Page 67.*

ABC unveils a demographic study asserting its supremacy with the age groups most prized by advertisers. *See Page 70.*

Section 2

Latin American countries, while certainly having their differences in the political-economical-social spectrum, exhibit considerable similarities. While solutions to problems for marketers may be different in each particular culture, the problems are somewhat generic to the vast continent. These ideas are central to the group of articles appearing in Section 2/Latin America, which begins opposite Page 36.

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COLD CEREAL-
PER CENT OF MARKET 61

Vol 51, No. 21—Advertising Age (ISSN-001-8899) is published weekly except semiweekly the third week in March, the first week in September and the third week in December at 740 Rush St., Chicago, IL 60611 Second class postage paid at Chicago and additional mailing offices.

PBS eyes cigs, liquor as sponsors

By RICHARD L. GORDON

WASHINGTON—Public tv sales specialists eager to tap more corporate advertising/pr budgets are eyeing two of commercial tv's untouchables—cigaret and liquor companies.

Public Broadcasting Service execs are talking to local stations this month about a possible policy switch that would make the cigaret and liquor marketers eligible to underwrite public tv shows.

Public tv also is considering dressing up its drab, plain-text only, on-air ID's for underwriters to make them more productive by including corporate logos as well.

PBS senior vp Neil Mahrer said last week he can't predict how the stations will react to the cigaret/liquor proposal, but he said the logo plan is getting "100% support" inside the public tv system.

Federal Communications Commission approval would be needed to put the logos on the air.

▪ Worried about financing in the future, PBS and the public tv stations have been regularly reviewing their underwriting codes

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INTERNATIONAL

Argentina recovers from 'fantasy period' of '70s

(Continued from Page S-4)
vestments on a weekly basis.

Endicott: What areas do you, if any, see offering potential for imports?

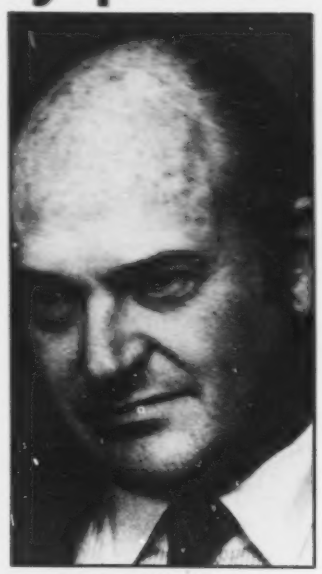
Ortiz: I don't think it is easy to come here in main consumer product categories, even though the packaging is bad and the distribution systems are extremely complicated and merchandising very primitive. There are a lot of things missing in the consumer products universe, but it is always a question of jockeying in. It is expensive. Advertising is expensive. This is a country where for the last 15 years everyone has been using shampoos and brushing their teeth, which is not the case with Brazil.

Daschuta: If you walk into some little general stores in the Catamarca (in the Andean area of Argentina) you will find just about everything on the shelves. There is some technology missing, but an incoming marketer would have to have a clear technological advantage, otherwise it would be very difficult to compete against those who have already established themselves in a market where distribution patterns in relation with trade are a very delicate matter requiring a sort of intuitive knowhow. Anyway, even in the main consumer products, not even 25% of what is produced goes to supermarkets. This is a country of the small grocer.

Carou: A distinct opportunity does exist in supermarket development, however. There are very few supers here. The ones we had went bankrupt for lack of sufficient capital, a problem related to what we call "bicycling" in Argentina—using negative working capital provided by one's suppliers. These former supermarket owners would get funds from suppliers, and not necessarily through the best fair trade practices either, and use the money to buy and/or build new outlets. Things would go well until they had to pay back the money. Not having it anymore, they paid the suppliers with funds borrowed from somewhere else, *i.e.* the bicycle funds. It is called bicycling because when you get on top of this contraption you have to keep peddling so you won't fall off. Our supermarket owners were the greatest cyclists of all times. They never had a red cent. They sold merchandise on consignment, some on a 90-120 day basis which invariably took 180 and 210 days to repay.

ARTURO CAROU

TEOFILO TAIT



FEDERICO ORTIZ

OSCAR MARCOVECCHIO

I'd say the trend of the future will be increased buying through supermarkets. This will take a change in consumer attitudes, but I think people will respond to the convenience and good service of supermarkets. Unfortunately the ones we have at present have not worked.

Ortiz: There are opportunities in small categories like confectioneries. The candy bar is very popular. Cake mixes have been poorly marketed along with icings and toppings. These would be very small markets initially. We've looked into opportunities in such products and they do look good.

Whittaker: An area with unlimited possibilities would be amusement parks. We don't have anything like the theme parks in the States.

Endicott: In Brazil, marketers allow for a surge in initial sales of a new product for the first three months as people rush to buy the item because of its newness. Then sales begin to decline rapidly. Does a similar pattern exist in Argentina?

Tait: The Argentine consumer is a very good judge and very demanding. This is a very European market with special characteristics. In that sense we are somewhat isolated from the rest of Latin America. Half of our population, for example, is considered middle class.

Ortiz: We are suspicious by nature. In that way we are very much like the French. But in some massive consumer categories like cigarets and beverages, we usually give the products a pretty good trial.

Marcovecchio: But unlike the French, our suspicion enters the picture on the first repeat buy. Our tendency is to buy the first time because the product *must be good*. Our curiosity gets the best of us. We somewhat confidently say after the first buy that the product was as bad as we had suspected.

Ortiz: You know, the real reason for this traces back to the rough times of the '70s when all prices were frozen. Any new launch came out at "x" price, a price whose profit margin continued to dwindle since your costs depended on factors beyond the government control such as imported basic products. So what happened? You left your product at the same price and deteriorated it in quality. Then you launched a new product that would be profitable for the next six months before you had to let it go like the other ones.

Marketing

Endicott: It almost sounds as if you market goods by-guess-and-by-golly, with a sort of intuitive feeling. How is market research brought into play?

Ortiz: Marketing is not in the paleolithic, but neolithic era. It pays lip service to everything—to research, packaging, promotional activities, merchandising. But there is really a great deal to be done.

Carou: We require a definite improvement in the marketing services field. Research companies here are in a more primitive state than companies marketing products.

Tait: I think you will agree as well that there was a primitive demand toward those companies as there was a primitive demand towards the ad agencies.

Ortiz: We have a great deal of difficulty buying market research. I think it is a cultural problem. The main problem with market research is that all those who have gone into market research are very academic. They are mostly psychologists, when not psychiatrists, and seem to believe that, unless market research comes packaged as a great intellectual exercise, it is no good. Hence, you have to work your way through wads and wads of paper.

There is obsessive preoccupation with very deep down questions of conviction and a lot of Peruvian stuff gets thrown into dance. These are tremendous sociological exercises. This is ridiculous! When it comes to most consumer products, 25% of the people buy completely by impulse anyway. Whether they adopt a product or not probably depends on what elements of the product you push to strengthen their con-

(Continued on Page S-23)

WE REALLY KNOW PANAMA...

it's almost 2 million people,
it's two main television networks,
it's 4 daily newspapers,
it's 40 radio stations,
the ever increasing purchasing
power of its consumers.

Yes, we really do know Panama
so well, that our Advertising
Campaigns, concepts, productions,
media strategies and marketing mix
are the reason why we have
top class clients.

● Advertising ● Public Relations ● Marketing.

tony fergo y asociados, s.a.

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Apartado 4758, Panamá 5

Top 10 Argentine Agencies

Agency	Gross Income 1979	Gross Income 1978	Billings 1979	Billings 1978
1 J. Walter Thompson Argentina	$ 6,503,872	$ 1,902,718	$ 43,359,147	$ 12,684,786
2 Ortiz, Scopesi & Cia	6,134,400	1,661,400	26,213,500	7,085,800
3 Casares Grey & Asociados	4,349,000	1,399,000	28,994,000	9,325,000
4 Lintas Limitada	3,973,000	1,785,000	26,595,000	11,976,000
5 Gomez Ferran Inter-Americana	1,820,000	660,000	10,070,000	3,300,000
6 Johnson/Benton y Bowles	1,634,230	439,547	5,657,280	1,453,388
7 Solanas	1,300,152	566,205	18.573,600	7,077,564
8 Gowland/McCann-Erickson	707,160	——	23,039,173	7,984,944
9 Walter Martinez	326,316	272,640	2,952,180	1,533,600
10 Young & Rubicam de Argentina	140,000	——	934,000	——

Source: Ad Age, April 14, 1980

Mexican ad expenditures in 1979

Medium	(Estimated) Expenditure (U.S. $*)	% of Total
Television	$293,700,000	60
Radio	112,585,000	23
Press	48,950,000	10
Magazines	19,580,000	4
Outdoor	4,895,000	1
Cinema	4,895,000	1
Misc.	4,895,000	1
Total	$489,500,000	100

*One U.S. $ = 22.47 Mexican pesos

Source: de Armas Publications

Top 10 Mexican Agencies

Agency	Gross Income 1979	Gross Income 1978	Billings 1979	Billings 1978
1 Noble y Asociados	$ 5,610,872	$ 5,124,665	$ 37,424,411	$ 34,181,740
2 McCann-Erickson	4,558,000	2,844,000	30,401,000	18,570,000
3 Publicidad Ferrer	4,312,095	2,449,725	29,493,888	16,331,500
4 Panamericana Ogilvy & Mather	2,565,915	1,823,655	15,215,707	11,255,785
5 J. Walter Thompson de Mexico	2,470,000	1,965,000	16,466,000	13,100,000
6 Young & Rubicam	2,448,000	1,876,000	16,328,000	12,513,000
7 Publicidad D'Arcy	2,177,000	2,004,000	15,063,000	13,185,000
8 Arellano, Norman, Craig & Kummel Publicidad	2,136,000	1,521,900	14,247,000	10,146,000
9 Leo Burnett	1,940,000	1,620,000	12,941,000	10,805,000
10 Doyle Dane Bernbach de Mexico	1,722,551	1,028,484	11,258,500	6,854,157

Source: Ad Age, April 14, 1980

Growth in Mexican supers stimulates promo use

By RUBEN TREVINO

MONTERREY—Mexican food sales have long been dominated by the corner store in which selection is limited and marketers can find their poster material hung from walls and pillars like so many pieces of fine art, whether or not their products are on display.

But consumer habits are not as stubborn in Mexico as they are in Argentina, for example, where supermarkets have come and gone while housewives persistently make their daily trek to the neighborhood mini market for fresh produce. Mexicans have championed the advent of the supermarket.

While the small grocer is still most popular, with some 375,000 existing on street corners today, supermarkets are moving in rapidly and now number 550, some 320 of those located in the three biggest cities, Mexico City, Monterrey and Guadalajara. Supermarkets in these three cities, for example, have charted a marked growth in numbers since 1975, showing an increase of 63%.

Add the increasing acceptance of convenience stores in Mexico, where Southland Corp.'s 7-Eleven stores already number seven in the market, and one can safely chart the growth of below-the-line promotional activities in Mexico.

Now that a competitor's products parade side-by-side in heavily trafficked aisles, marketers have turned to direct marketing techniques with considerable results. While statistical data is limited, with respect to how successful promotional activities have been in pesos, a casual observance of the response made by one competitor to another's new promotion is enough to ascribe success to such advertising adventures.

- For example, Gamesa's Pronto, the nation's leading cake mix, with 45% share of market, introduced an in-pack promotion which offered prizes (color tv sets, kitchen gadgets, washing machines, etc.) if consumers got the lucky coupon inside the pack.

Not to be outdone, Lance, a manufacturer just bought out by Ralston Purina, and producer of Tres Estrerrellas, a hotcakes mix, introduced an in-pack promotion in which packages of hotcakes mix

contained 16 different animal-shaped molds. In turn, Gamesa, the market leader, has just launched a strong advertising campaign to build up the image of its hotcakes flour.

- Kellogg's introduction of a highly successful on-pack promotion game called Turisteando, the object of which is to collect each of the 16 different pieces of a map of Mexico in order to play a "travelog" sort of game, attracted a response in kind from Maizoro, a competitive brand. Maizoro packs contained mini calculators.

Store space crowded with competitors also has encouraged new package design. One of the most intriguing designs has come from General Foods, which packaged two years ago its Tang orange drink in a reusable 1-liter pitcher. The response apparently has been good, because GF has just come out with a half-litre sized pitcher for Tang and a similar, though lemon-flavored drink, Limolin.

Direct mail is a growth area, although its potential is still stunted by the poor postal system. One of the more popular vehicles for direct mail, given the reluctance of marketers to use the post office, is popular magazines. *Alarma* and *Vanidades*, which like most magazines are distributed almost solely on newsstands, often carry a marketer's sole effort in direct mail promotion.

While old habits may die easily for Mexicans in general food purchasing, Mexicans still have not cottoned on to coupons as a money-saving device. Manufacturers are reluctant to use them because the rebate is hard to handle, especially given the fact that most Mexicans still do most of their buying at the corner store.

Advertisers believe the answer to this problem will come through consumer education. Such instruction should meet with less resistance among Mexicans who continually see inflation eating up the value of their pesos.

There is a chance for advertisers, too, to piggyback government efforts in this area. The government's consumer protection forces in fact have just launched a $500,000 media campaign to show consumers how to make better buys. #

Mr. Trevino Martinez is the assistant lecturer of sales promotion at the Instituta Tecnologico de Monterrey; president of the Consorcio de Mercado Tecnia Integra, a marketing company; and manager of marketing research at Gamesa S.A., a large biscuit company.

THE $60 BILLION MARKET

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Folha do Sao Paulo
CHILE: *El Mercurio*
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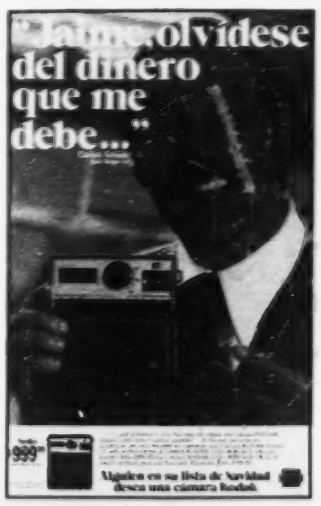
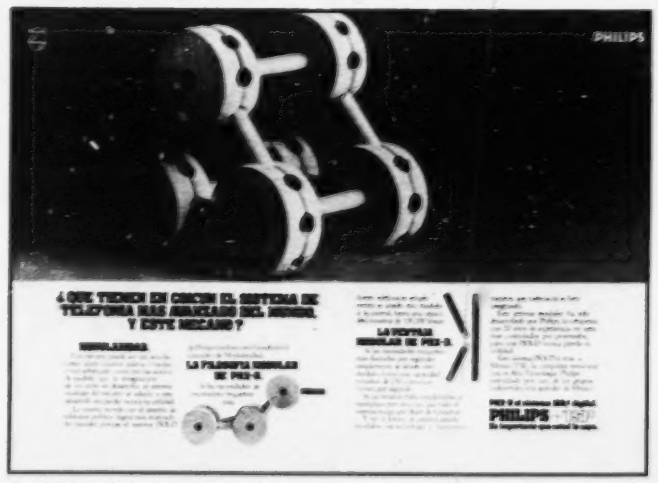


Mr. Man on the Street and Mrs. Everyday Housewife were placed in a series of J. Walter Thompson ads for Kodak in Mexico. Each asked, in fact encouraged, friends to give them a Kodak for Christmas. Dealers reported dramatic increases in the 1979 Christmas period as a result.

The cigaret manufacturer is the biggest user of p.o.p. material (shown here) in Mexico. Largest producer, Cigarrera la Moderna, with 74% share of market, spends 5% of its ad budget on p.o.p. material, and some 15% on various promotional activities.



A child's tinker toy was the visual used by J. Walter Thompson de Mexico to explain the complicated digital communications system PRX-D by Philips' telecommunications division, to senior businessmen and the Mexican government. The toy cleverly illustrated the features and advantages of the PRX-D system without having to show the product. Newspapers and magazines were used.

Tv development of 4 Andean Pact nations

Country	Total population	Capital city population	tv ownership	(: 60s tv rates) AA	AAA	b&w sets	color sets	Household tv penetration	Weekly broadcast hours	Weekly hours in color	Transmission comments
Colombia	25,000,000	Bogota 5,000,000	State-owned: Two channels (7 & 9) with national reach	$1,540	$2,554-$3,300	2,800,000 (91.8%)	250,000 (8.2%)	2,340,000	Ch. 7 - 93.5 Ch. 9 - 60.5	Ch. 7 - 26.5 Ch. 9 - 19.5	30% color transmission
Venezuela	13,500,000	Caracas 3,000,000	2 state-owned channels (5 & 8) 2 private-owned channels (2 & 4)	$1,542	$3,738	1,950,000 (93.1%)	143,000 (6.9%)	1,920,400	Ch. 5 - 70 Ch. 8 - 14 Ch. 2 - 140 Ch. 4 - 119		Only 14 hours/week in color. All will be able to transmit as many hours as they can produce by June
Ecuador	8,000,000	Quito 850,000	6 private-owned channels; two have national reach	$124	$230	400,000 (80%)	100,000 (20%)	240,000	Ch. 8 (Quito) 93.5 Ch. 2 (Quito) 86.5 Ch. 4 (Quito) 65 Ch. 2 (Guayaquil) 99 Ch. 10 (Guayaquil) 114 Ch. 5 (Cuenca) 35		
Peru	18,000,000	Lima 5,000,000	3 channels owned 50/50 by state and private interests with reach to Andean region.	$1,100	$1,600	2,200,000 (95.6%)	100,000 (4.3%)	778,750 (Lima only)	Ch. 5 - 100 Ch. 4 - 100 Ch. 7 - 65.5	Ch. 4 - 50 Ch.5 - 50	

Toiletries prop Beecham's sales in Venezuela

(Continued from Page 15)
cham in a big way to a new distribution system through perfumeries. Condess is already on the shelves of the more than 700 half-drugstore, half-cosmetic counter operations, but a Jovan hit could provide the entree for Beecham to properly merchandise 2nd Debut through the popular perfumeries. 2nd Debut is Beecham's up-market skin conditioning cosmetic that came with the acquisition of Fleetwood in 1974.

Beecham plans to support Jovan sales in the perfumeries during high traffic times (Mother's and Father's days, Christmas) with sales personnel, a very expensive proposition, but one that Beecham hopes will become permanent. Such a personalized sales force could give 2nd Debut a fresh face-lift at the counters. "It is neither fish nor fowl," he says, referring to 2nd Debut's heavy-duty nature and product positioning (aimed at older women). "This way we will be able to market it like a toiletry and price it like a franchise cosmetic."

Jovan bears the same package as its U.S. equivalent and same heterosexual image conveyed in the JWT advertising stateside. Tv is the prime medium, although Beecham is looking into outdoor to "show off" the distinct packaging.

Beecham, while expecting the lion's share of its growth to come from this new thrust in the toiletries sector, is trying to revitalize its traditional breadwinners which have become somewhat stagnant as a result of the general economic malaise.

At the head of the revamp list is Brylcreem, which totally dominates the men's hair cream market, a market if there ever was one in need of a new coiffure. To change Brylcreem is to change men's grooming habits. In a way, that is just what Beecham intends by shifting its thrust away from the "young guy" to men in their 30s and 40s "who probably used Brylcreem years ago but stopped during the '60s when hair dressings gave way to daily shampooing and the dry look," says Mr. Fraioli.

Second Debut skin products, with limited distribution in major chain stores, hopes to ride the Jovan launch into the perfumeries. But to stay there it must modify its image of a heavy duty product for older women with wrinkles to include a younger audience where the buying clout is heavier (half the population is under 18)—more in line with one of Beecham's chief competitors, Oil of Olay. In fact, it is against Oil of Olay that Beecham pulled off a bit of marketing chicanery. Recently anticipating an Oil of Olay launch into Venezuela, Beecham infused extra ad bolivares into print for 2nd Debut, producing Oil of Olay-type ads with the 2nd Debut imprint, of course. Beecham likes to think the ripoff threw this rival off balance. Studies show 2nd Debut has yet to lose any of its 12% market share to Oil of Olay (2%).

▪ Mistral is a mature deodorant in the women's sector, and because a line extension or companion men's deodorant might "prove confusing to the customers," according to Mr. Fraioli, no changes are in the works.

Eno, which was first produced in Venezuela under license in the early 1900s, remains in a sector—proprietary drugs—still under government controls. Beecham has not been able to raise the price of this antacid product since 1958. Eno has retained its 40% market share, according to Beecham, through new production equipment, automation and packaging changes including thinner foil for the envelopes. All advertising has stopped now that Beecham has run out of cost-saving measures.

Little wonder the new interest in toiletries and general product re-evaluation at Beecham, especially given the fact that 25% of the company's sales come from proprietary products like Eno, and given the fact that the boys back in Middlesex in the U.K. might demand sales be more "useful." #

One of the 700 drugstore/cosmetic shops in Venezuela

Advertisers reject fixed commission bid

CARACAS—The economic conditions which are making it difficult for agencies to hold down operating costs prompted them last year to seek from their clients an across-the-board 20% fixed commission on production costs.

Advertisers tended to pooh-pooh the idea, citing that "freedom is a constitutionally recognized principle in Venezuela and in all democratic countries ... and that freedom of contract between parties concerned should be respected."

▪ The advertisers, through their association, the Asociacion Nacional de Anunciantes-Venezuela, also took issue with an agency association agreement with the two private television stations, that advertisers would not be given discounts for their purchases of space. "They (the advertisers) are the actual purchasers of space and therefore have a legitimate right to enjoy the discounts and other benefits accruing on account of the volume and duration of their contracts," said a prepared ANDA rebuttal to the agency move.

One local advertiser told AD AGE that "the larger agencies are doing okay, but the smaller ones are hurting. They are moving into fees as remuneration and smaller advertisers are even paying higher commission. Good people are incredibly expensive here. I can understand how the small to medium-sized agency is having a rough go."

His own company, a major consumer goods business, and one of the country's largest advertisers, holds the position that "if there is a profitability problem for the agency on our account, we expect the agency to come to us and talk about it. We recognize their right to make and our obligation for them to make a profit."

Such words, however, may be little comfort for the beleaguered small to medium fry shop. #

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Free market liberates Chilean economy

SANTIAGO—The economic system here has undergone a thorough transformation the past half decade since Chile turned away from the controlled environment imposed on the country by Marxist president Salvador Allende Gossens.

Elements of the new economic model now include a free competitive market void of price controls, import incentives through reductions in customs duties and less red tape for consumer and capital goods as well as services, and the fact that private enterprise as opposed to the state is now the prime generator of economic development.

Such a model runs full circle to conditions the first half of the decade when the popularly elected Allende government nationalized much of the nation's industries and put up high customs barriers to shut off imports.

The advertising business, reflecting general economic conditions, ground to a halt. Most multinational agencies withdrew from the market, leaving local associated agencies as representatives. For example, in the beginning of 1974, just after the military overthrow of Allende, only McCann-Erickson, represented by local unit C.C.C., and Sertec/K&E were in the market. These shops have been joined the past five years by J. Walter Thompson; Grey, associated with Fabres; Ogilvy, associated with Promoplan; Unitros; Lintas, associated with Northcote, Merino y Silva.

■ Advertising, like the general business climate, has shown steady improvement since 1975. While per capita income has increased from 1975 to 1979 (estimated figures) from $587 to $1,050, inflation dropped from 340.7% to 38.9%, unemployment dropped from 16.5% to 12.5% and the Gross Domestic Product accelerated from $9.2 billion to $11.4 billion, advertising was making its general comeback. Ad expenditures have shot up from $60,000,000 in 1976 to an estimated $126,000,000 this year, with some 74% of that placed through agencies; as a percentage of GNP, ad expenditures have risen from 0.56% in 1975 to an estimated 1.04% this year; and per capita ad expenditure has jumped from 3.2% in 1969 to 10.4% in 1979.

Once the economy was "liberated," new products gushed onto the market, according to Henry G. Northcote, board chairman of the ACHAP (Assn. of Chilean Advertising Agencies) and managing director of Northcote, Merino y Silva agency. As controls came down, banking sector growth shot up to the point where virtually all major international banks are now represented in Chile. Services and fast foods also experienced considerable growth as expendable income increased.

"Our market, which is relatively small, is virtually flooded with quality goods and competitive brands. For example, we now have strong competition among 50 financial institutions, 22 different automobile models, 105 different wines, 25 competitors in the chocolate market, 20 in soaps, 25 in beers and 10 in margarines," says Mr. Northcote.

"This highly competitive environment has forced the agency business to upgrade itself, both in human and in technological resources. Chilean agencies, lacking sophisticated production facilities for cinema and tv commercials at home, have been travelling to Spain, Brazil, Argentina and the U.S. for such services. But such an exodus is not expected to continue, given the fact that Chilean production houses are beginning to attract quality personnel and equipment.

As in Argentina, a certain amount of reaccommodation has asserted itself among Chilean advertisers. Efficiency is paramount in this highly competitive market, now that strong external pressure from imports—customs duties now do not exceed 10% except in the automotive industry—are bumping products from less efficient producers off the shelves.

"There is ever-increasing pressure from multinational North American, European and Japanese companies, especially in the area of household appliances, electronics, soft goods and automobiles. This has forced national companies to improve production and marketing as well as their executive and administrative capacity, often incorporating executive personnel with international experience, contracting new licenses and introducing advanced technologies," says Mr. Northcote.

The accent today is on the consumer, he says. The interest of the consumer is paramount, ranging from production and market research to finished product. Catering to consumers are new marketing formulas—hypermarkets, modern promotion systems—and new credit systems for soft goods and services, including for the first time in Chile the recently introduced credit card systems, Diner's Club, Visa and American Express.

Television has been the big growth area, especially since the introduction of color in April 1978. Color penetration now is 80% of the upper and upper middle class in Greater Santiago, while black and white sets are held by 95% of the upper and middle class in urban areas and 80% of the lower class in the urban zones. The rush to get into tv, especially when color was inaugurated, produced considerable clutter, which brought about the need for an anticlutter policy backed successfully by the ACHAP. At present, 12 minutes of advertising is accepted per hour.

The popularity of tv as an ad medium is seen in the fact that 70% of the media billings of the 10 principal Chilean agencies is absorbed by tv, which took some 39% of total ad pesos in 1978 (the last available data, which also ranked newspapers No. 1 with 41% of the total) but takes in considerably more today.

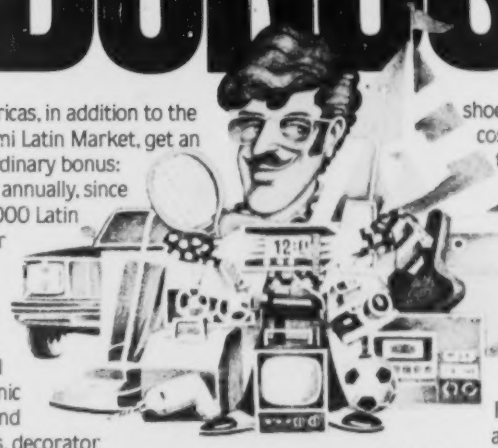
Radio has increased penetration, though still small. For example, fm radio presently covers 13% of the zones monitored for electronic media. Press and magazines have remarkably improved their printing techniques, but still have a long way to go, says Mr. Northcote. #

Chile ad agencies

Agencies	Billings
J. Walter Thompson	$14,436,954
Northcote Merino Silva/Lintas	11,033,000
CCC/McCann (estimate)	8,500,000
Fabres/Grey	7,400,351
Promoplan/Ogilvy & Mather	7,340,542
Epoca	5,099,215
Publiart	4,380,000
Matte y Mendez	4,037,693
Sertec/K & E	3,427,693
Veritas	3,360,339
Cecom	2,831,847

SOURCE: Billings figures provided by ACHAP in Chilean pesos translated into dollars based on Ad Age rates (35.97 pesos = U.S.$1).

THE $600,000,000 BONUS.



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Diario Las Américas

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Multinationals press on quietly in Mexico

MEXICO CITY—Trying to get the multinationals operating in Mexico to talk about themselves in print is often an impossible task.

They fear damaging attacks from the left wing of Mexican politics and press if they are too much in the public eye. "We don't want to be known as a glamor company," said the American board chairman of a U.S. multinational.

"We are one of the 25 largest companies in Latin America. We have gotten where we are through quiet responsibility and by conservative methods . . . It looks to me as though the communists have a strategy of countering anything favorable they read about us, so we don't speak much," he added.

▪ A few days before, page 4 of *Excelsior*, one of Mexico's major newspapers, had carried the headline: "Large multinationals decide agricultural production." The story quoted Jorge R. Serrano, said to be a member of the Center of Economic Studies of the Third World, noting that credit, water and land in Mexico is principally at the disposal of "important farmers and 'transnationals,'" as the press in Mexico usually calls the multinationals.

Such companies, he added, decided what should be produced "but do not concern themselves with improving the living conditions of the workers nor with improving the consumer's nutrition. They are only interested in profits."

▪ The Center of Economic and Social Studies of the Third World is in southern Mexico City, a couple of blocks from the home of former Mexican president Luis Echeverria, who established it upon leaving office at the end of 1976.

Echeverria, highly critical of Mexico's private business sector when he was president, also saw himself as a Third World leader. The *Excelsior* story was one of many on the clash between corporate and Third World policies that have appeared in the Mexican press in recent years.

Of the 100 leading advertisers in the United States, 55 or so have major operations in Mexico, a fact which emphasizes this country's importance as a consumer market.

▪ "As far as such companies' business volumes are concerned, it has to be an awful lot," said Edward Noble, head of Noble y Asociados, one of Mexico's leading ad agencies. "In some cases it must be up to 40% of their total business."

Nevertheless, the Mexican government applies strict rules under which the multinationals must operate. In 1973 the Echeverria administration pushed through a "Mexicanization" law, which insisted that at least 51% of all companies' stock had to be sold into Mexican hands.

▪ "When the law came out we studied it," said the board chairman. "We said we would attempt to adopt the measures the government had outlined. We said we would submit our plan for the government's approval and we did. We complied with the letter of the law."

The money earned from the sale of 28,000,000 of his company's shares was reinvested in Mexico. Plants were expanded and re-modelled and the company's services extended throughout the country.

"Mexico is a great market," said the board chairman. "It's growing very rapidly and it is suffering from this. The infrastructure is not sufficient. There is a cash squeeze, a capital investment squeeze. This has created inflationary pressure."

▪ Said Jim Stanton, 65-year-old chairman and director general of Corporacion Interpublic Mexicana: "Business in general has been increasing this year. But it's a bit of a contradiction because, while industry as a whole is growing, we are all suffering from the effects of a tremendous shortage of money.

"The interest rates are very high and, even at these enormously inflated rates, the banks do not seem to have the funds available. It has been like this since late last year. We thought things might improve this year but the first quarter has shown little relief.

"We still have hopes this will be a growth year. Some industries are able to grow much faster than others. But the market's there in most industries."

▪ Corporacion Interpublic, known as McCann-Erickson-Stanton until December, 1976, closed 1979 with total billings equivalent to about U.S. $30,500,000.

"This year we estimate at least a 15% growth," said Mr. Stanton.

The new corporation functions with three divisions—McCann-Erickson, Campbell-Ewald and Marplan, which is a research division.

"Interpublic has experienced incredible growth the last two years," said Mr. Stanton, an American who recently celebrated 30 years in advertising in Mexico. "Not only have we acquired new business but our clients have expanded their business and increased their advertising budgets accordingly . . .

"We thought things might improve this year but . . ."

"There are great social problems in Mexico but I feel optimistic about the future. The blessing of having found an incredible amount of oil in the country will give the government the funds it needs to take care of a large proportion of the population that is really marginalized now."

That in turn would boost demand for many products, he added.

Mexico's proven oil reserves are about 50 billion barrels and the government expects to be exporting 1,000,000 barrels per day sometime this year.

Indeed, Mexico would have been in trouble had it not been for its oil exports. Gustavo Romero Kolbeck, president of Banco de Mexico, the central bank, said in his annual report that petroleum exports in 1979 were worth $3.7 billion—42.5% of total exports.

"The value of non-petroleum exports increased 13% which, in real terms, is equivalent to a virtual stagnation," Mr. Romero Kolbeck said.

The main reason was an increase in internal demand and "without doubt a reduction in the external demand."

As a result, the central bank's current account deficit was U.S. $4.2 billion, 61% higher than the previous year.

The positive side of the economy was a 6% real growth in the Gross Domestic Product and 7.5% increase in employment.

"But, for the moment, there is not the diversification that is needed," said an official closely connected with government policy-making.

"The growth rate of internal demand has been very high. That's why part of our traditional exports have stayed in the country. For example, five years ago we were net exporters of steel products. We are net importers now. The same is happening with cement. Imports of food are increasing." #

Argentina recovers

(Continued from Page S-23)

be that they simply want to see their product in color. But that will be the first six months and then the factor of higher rates will dilute the color advertisers.

Kodak does plan to take full advantage of color tv. Color is basic to our product. We've always been strong in cinema. We will increase our participation in television with color. Currently our ad budget allows us about two or three tv campaigns a year. #

Philips, doing battle with Japanese color set manufacturers in Argentina, is positioned as having "natural color," as opposed to the more glamorous and high-contrast color tv delivered by most Japanese sets. Agency: Ortiz, Scopesi y Cia.

Brazilians toss luck into car buying pool

SAO PAULO—Brazil, which is trying to climb rapidly out of the past into an industrialized future, has adopted many of industrialized West's values, including the penchant toward materialism: possessions are a sign of upward mobility.

But how has a nation, where about 30% of its people are actual "consumers," and annual family income no more than $1,500, managed to purchase an average of one tv set per every two households and buy all those cars that produce bumper to bumper traffic in Sao Paulo?

You don't apply industrialized West's system. The classic example of this "necessity" being the mother of invention is illustrated in a peculiar way of buying cars called the Consorcio, a real *jeito* Brazilian method.

The Consorcio was invented in 1967 because the middle class lacked resources to purchase automobiles. The first groups were created privately among friends. Later the activity was recognized legally, and began to be handled by specialized firms. Today the Consorcio competes with automobile financing as a means of purchase, being used by about 10% of all buyers.

Every automobile maker has its own Consorcios, as do many authorized dealers, but the lion's share continues in the hands of the specialized firms. The largest Brazilian Consorcios deal in automobiles, trucks, tractors, boats and even aircraft. (Note: Brazil is the world's third largest market for private airplanes.)

A typical VW Consorcio works this way: a group of 72 persons who want the same model is formed; each makes payments for 36 months. The payments include a 10% administration charge plus a 2% reserve against drop-outs, and are corrected when the price of the car is increased.

Each month two cars are distributed, one by drawing and one by bidding (the high bid gets the car). After 36 months, everyone has received a car by one means or the other.

The principal advantage of the Consorcio is to open up new market segments to people who could not buy normally—with large downpayments and cosigners. The participants pay no interest, and leave the time of delivery of the car for luck to decide. #

Brazil's '71-'78 media ad expenditures

	1971	1973	1975	1977	1978
Television	39.3%	46.6%	53.9%	55.8%	56.2%
Magazines	17.0	15.6	14.1	12.4	12.4
Newspapers	24.8	20.9	19.8	20.2	20.2
Radio	12.7	10.4	8.8	8.6	8.0
Cinema	0.9	1.4	0.7	0.6	0.5
Outdoor	5.3	5.1	2.7	2.4	1.5

Top 10 Brazilian Agencies

Agency	Gross Income 1979	1978
MPM/Casabranca Propaganda	$23,119,000	$13,358,000
Alcantara Machado, Periscinoio Comunicacoes	20,800,000	14,109,000
Salles/Inter-Americana de Publicidade	14,812,000	7,600,000
McCann-Erickson Publicidade	12,378,000	8,169,000
Standard Ogilvy & Mather Publicidade	11,044,000	5,670,000
J. Walter Thompson Publicidade	10,805,000	7,300,000
Norton Publicidade	10,550,000	6,456,000
DPZ-Duailibi, Petit, Zaragoza Propaganda	10,144,880	6,161,200
Denison Propaganda	10,085,800	6,541,000
SSC&B: Lintas	7,569,000	5,739,000

Source: Ad Age, April 14, 1980

INTERNATIONAL

Brazil's Editora Abril

Publisher sees future in newsstand sales

SAO PAULO—Editora Abril has never lacked vision. Ever since Victor Civita called on Donald Duck to launch his publishing empire in 1950, the company has made a beeline toward the future.

Today from the company's massive printing and editorial office compound on the outskirts of Sao Paulo, corporate officers seek out any available street corner spots for potential newsstands—viewed as a locomotive factor for the future.

"This company was built on newsstands. Some 60% of our total revenues are still based on newsstand sales, and we plan to add 1,000 more per year," says Roberto Civita, son of the founder, who still keeps a hand on company movements.

The lion's share of those newsstand sales comes from Editora Abril publications, which accounted for total sales of $100,000,000 in 1979. In short, Editora Abril produces the Brazilian equivalent of *Business Week (Exame), Time (Veja), Playboy (Homen), Cosmopolitan (Nova), Good Housekeeping (Claudia), Road & Track (4 Quatro)* and *Sports Illustrated (Placar).*

■ The remainder comes from a bevy of publishing-related operations including the publishing of a number of "great thinkers" series (the company has sold more than 170,000 volumes of Plato's philosophy), and classical records—all this in newsstand sales although catalog sales are entering the initial stages.

However, when Robert Civita talks of adding newsstands to Editora Abril's distribution network he now talks of company-backed operations and not of wholesale arrangements.

The company only recently began its packaged kiosk whereby it teaches small operators, or even wholesalers, how to get a newsstand, set one up and finance it, with Editora Abril financing the stand on a long-term basis with a six-month grace period before payments begin.

■ "We also have offered our competition a 'free ride' if they want to take us up on our offer to help them set up newsstands," says Mr. Civita. When taking the whole market, Editora Abril rests right at the top as a wholesaler. There are 600 wholesalers of print material in Brazil. Editora Abril has Sao Paulo locked in its camp, which is a pretty good indication of its power.

Newsstands dominate magazine distribution in Latin America

The '80s also will bring in higher prices as paper, printing and distribution costs continue their march upward. So far Robert Civita has simply tackled that issue on average of every three months by raising the cover price on his magazines.

He also has little fear of competition from television. "We make no bones about it, if you want to sell soap you don't need us. Cars, yes. Brazil has a great advantage over the U.S. in magazines. We reach the elite, not the masses. Those with purchasing power read magazines, or, put more simply, they read. We don't reach deep into the pyramid," he remarks.

■ Part of the 1980s, at least the unfurling of the decade, will probably see a flurry of skin magazines enter the market now that overt censorship has been lifted. The minister of justice, who handles such moral censorship, called publishers this February to deliver the words: "You're on your own now, see you around," chuckles Roberto Civita.

Brazil press had been under stern moral censorship since the mid-'60s when the military took over the government.

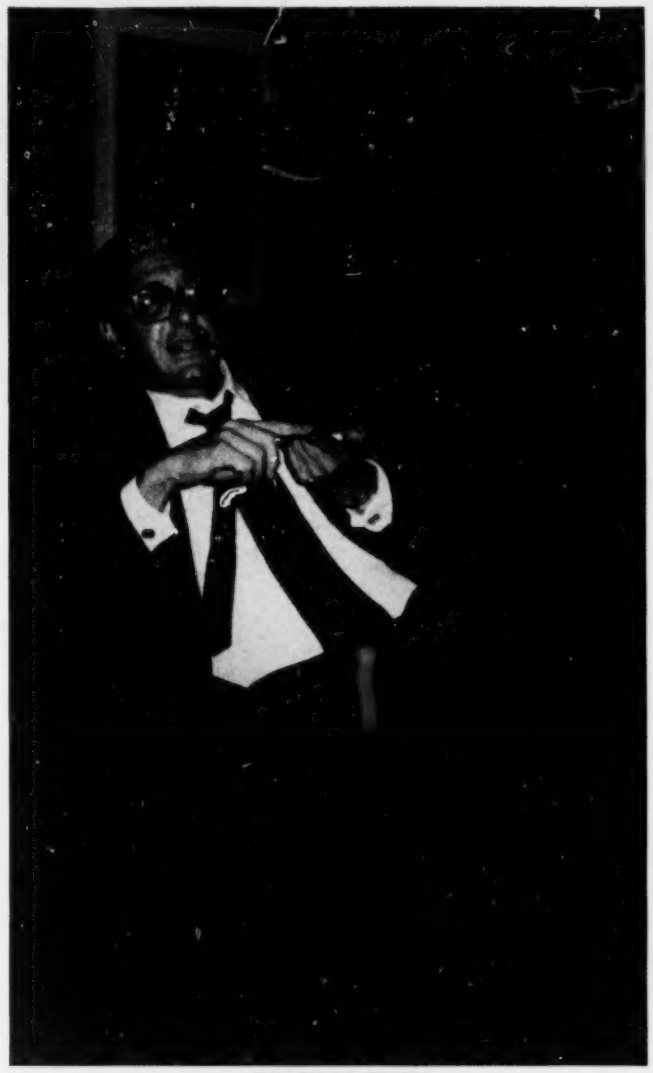
"Now you can get clobbered after you publish," Mr. Civita says. "The onus has shifted. Our girls will still coyly cross their legs," he continues, citing Editora Abril as selling advertisers while 'other' skin magazines don't. "We could sell twice the copies we now do by adopting the open-leg school of publishing."

■ While most of the Editora Abril magazines rely on newsstand distribution, two magazines, *Exame* and *Veja* increasingly are finding stronger sales by subscription.

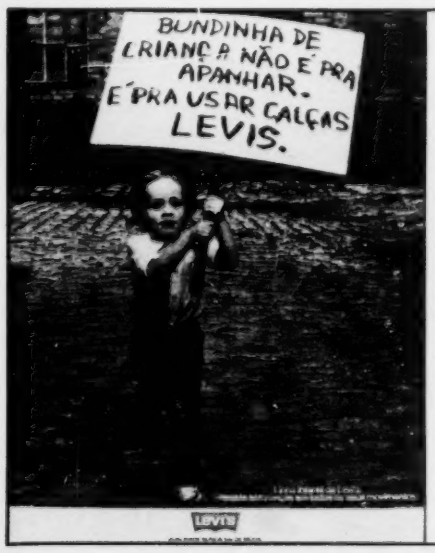
"It is just more convenient to get business and newsmagazine weeklies at the office or home," says Mr. Civita, who can thank a remarkably improved postal service for making such a venture possible. *Veja* now has 238,000 subscription sales, compared to 66,000 on the newsstand.

Exame is in the process of converting its circulation from nonpaid controlled to paid controlled. *Exame*, which is the only magazine in Brazil that can provide its readers a quarterly audit, now has 53,544 controlled circulation.

One area of business launched in the '70s may indeed have "changed the face of Brazilian publishing" as Robert Civita fondly puts it—a book club. There are now 700,000 members in the club, who read an average of seven to eight books a year from Editora Abril, which launched the club in tandem with the big German publishing house, Bertelsmann. #



ROBERTO CIVITA



Print, which offers an advertiser quick access to the public when he wants to take advantage of issues weighing on the public consciousness, was the medium for this Levi's ad which played on a major worker's strike plaguing Sao Paulo at the time. Agency: DPZ Sao Paulo.

Growth Rates of the Brazilian Economy in %

Period	Agriculture (Primary Sector)	Industry (Secondary Sector)	Commerce (Tertiary Sector)	Transports & Communications	National Product in Real Terms
1941/47	3.9	6.5	4.7	8.5	5.1
1948/56	3.9	8.8	4.9	8.8	6.4
1957/61	5.8	10.7	7.8	8.7	8.3
1962/67	3.9	3.7	3.4	5.6	3.7
1968/73	5.4	12.9	11.4	11.0	10.1
1974/75	5.9	6.2	3.5	11.8	6.8
1976	4.2	10.9	8.8	7.5	9.2
1977	9.6	3.9	3.5	4.1	4.7

Source: SIMONSEN, Mario Henrique. *Brasil 2002*. Getúlio Vargas Foundation, Rio de Janeiro, 1975.

Italian company, Star, entered the Brazilian market about a year ago by buying out small local fruit producer Agis. Agency Y&R, itself a late-comer in Brazil compared to other big American-based agencies, lived up to its full-service billing and then some by taking Star's popular chocolate spread in Europe (Nutella in Spain and Ciao Crem in Italy), giving it a new name (lo-lo crem), registering the name, designing the package, handling promotional aspects and working with distribution channels to market this sticky, dark brown, greasy kids stuff. Within one year of launch, lo-lo crem has grabbed sales larger than the whole market category prior to its entry.

Mild cold cereal growth seen

By JOHN C. MAXWELL JR.

Cold cereal volume in 1979 was up possibly 1% in pounds, but grew some 9% or so in dollars. The year's dollar volume probably approached $2.25 billion against about $2.05 billion in 1977.

We anticipate that this year's unit volume probably will grow modestly, possibly in the 1% to 2% range, and price increases again will probably be in the 7% to 8% area.

Last year Kellogg Co. went national with Most, a fortified cereal that is covered under "all others" in our table, and with Graham Crackos. In test are Raisins, Rice and Rye and Smart Start (fortified with iron); Honey & Nut Corn Flakes is rolling national. While Kellogg has continued to lose market share in recent periods, we presume that these new products may help stabilize or increase share.

General Mills this year went national with Honey Nut Cheerios and it quickly became the company's most successful introduction. General Mills now has Crispy Wheat 'n Raisins rolling national. It was the only company to meaningfully increase share in 1979, and this situation continues.

▪ Quaker Oats went national with Quaker Corn Bran. Ralston's Cookie-Crisp seems to be flattening out at around a 1% share, and Ralston also has gone national with Honey Bran. In fact, it should be pointed out that most of the "all others" category belongs to Ralston. Obviously, if this is added to Ralston's own category, the company's market share now approaches that of Quaker Oats.

It is interesting to note that the top ten products as a whole have lost share over the past few years. This is contrary to most consumer areas, where the top sellers have been growing to the detriment of "all others."

▪ According to a 1978-79 Simmons Market Research study, on a national basis 80.7% of female homemakers report they purchase cereal at least once a month.

Given the high rate of usage of cereal already achieved, we continue to expect the cold cereal industry will grow at only a moderate rate. However, the recent baby boom may have longer-term positive ramifications. #

Mr. Maxwell is associated with Lehman Brothers Kuhn Loeb Research, New York.

Cold cereal—Per cent of market

	1978%		1979%	
	lbs.	$	lbs.	$
Kellogg Co.				
Sugar Frosted Flakes	5.4	5.0	5.4	5.0
Corn Flakes	7.1	4.9	7.2	5.0
Rice Krispies	4.2	4.6	4.1	4.5
Raisin Bran	4.8	4.4	4.9	4.4
Froot Loops	2.5	3.1	2.5	3.1
Special "K"	2.1	2.7	2.0	2.6
Bran products	3.1	2.4	3.0	2.3
Apple Jacks	1.2	1.7	1.2	1.7
Sugar Smacks	1.6	1.7	1.6	1.7
Sugar Pops	1.4	1.6	1.4	1.6
Frosted Mini-Wheats	1.2	1.3	1.6	1.6
Product 19	1.3	1.6	1.2	1.5
Frosted Rice	0.8	1.0	0.8	1.0
Cocoa Krispies	0.6	0.8	0.6	0.8
Cracklin Bran	0.8	0.8	0.6	0.6
Graham Crackos	—	—	0.4	0.4
Other	3.6	4.4	3.0	3.7
Total	41.7	42.0	41.5	41.5
General Mills				
Cheerios	5.8	6.1	5.5	5.8
Total	1.7	2.3	1.8	2.5
Wheaties	3.2	2.4	2.9	2.2
Lucky Charms	1.6	2.0	1.7	2.2
Trix	1.5	1.9	1.5	2.0
Golden Grahams	1.3	1.4	1.4	1.6
Honey Nut Cheerios	—	—	1.4	1.6
Monsters, etc.	0.8	1.1	0.7	1.0
Cocoa Puffs	0.7	0.8	0.7	0.8
Buc Wheats	0.6	0.7	0.5	0.6
Body Buddies	—	—	0.4	0.5
Crazy Cow	0.5	0.6	0.2	0.3
Other	1.1	1.1	0.9	1.1
Total	18.8	20.4	19.6	22.2
General Foods				
Raisin Bran	3.8	3.5	3.8	3.5
Grape-Nuts	3.1	2.4	3.1	2.4
Sugar Crisps	1.9	2.0	2.0	2.2
Honeycombs	1.3	1.7	1.3	1.7
Pebbles	1.0	1.4	1.0	1.4
Alpha-Bits	0.9	1.1	0.9	1.1
Bran Flakes	1.0	1.0	0.9	0.9
C.W. Post	1.1	1.1	0.8	0.9
Post Toasties	1.1	0.7	1.0	0.6
Grapenut & Oat Flakes	0.8	0.7	0.6	0.4
Other	0.6	0.4	0.6	0.3
Total	16.6	16.0	16.0	15.4
Quaker Oats				
Cap'n Crunch	2.9	3.5	2.8	3.4
Life*	2.7	2.4	2.7	2.4
100% Natural	1.8	1.6	1.7	1.5
Other	0.7	1.2	0.9	1.3
Total	8.1	8.7	8.1	8.6
Ralston Purina				
Chex	3.8	3.7	4.0	3.8
Cookie-Crisp	1.4	1.5	1.0	1.1
Other	0.5	0.5	0.7	0.7
Total	5.7	5.7	5.7	5.6
Nabisco				
Shredded Wheat	4.3	3.2	4.1	3.1
Other	0.9	1.0	1.1	1.0
Total	5.2	4.2	5.2	4.1
Pet				
Heartland	0.2	0.2	0.1	0.1
All others	3.7	2.8	3.8	2.5
Total	100.0	100.0	100.0	100.0

*Includes cinnamon
Sources: Lehman Brothers Kuhn Loeb estimates

Pernod spreads French 'scourge'

(Continued from Page 60)

in France as long as he could keep the government on his side. From the beginning he kept up a high powered image-making campaign, establishing a foundation to promote art and culture (rare in France), building a car racetrack, ceding over islands in the Mediterranean to the government for the benefit of tourists, sponsoring world yacht races and paying increasingly heavy taxes without protest.

In 1973, the old-fashioned Pernod company merged with the dynamic Ricard group and is now run by Paul Ricard's son, Patrick, 35.

▪ Since the 1973 marriage—"it was the equivalent of a merger between General Motors and Ford," says Jean-Jacques Bouffard, sales director of Pernod Ricard's export division—the company has embarked on a colossal reorganization and diversification.

As well as Pernod and Ricard aperitifs, which account for 46% of sales, the company makes Dubonnet (except in the U.S. where the rights were sold some 50 years ago), Cinzano, Suze, Cognac Bisquit and Ambassadeur. Through the purchase of Campbell it now sells White Heather and Glen Campbell whisky worldwide. In France it distributes Coca-Cola and owns an important soft drink group, and through another affiliate, Cusenier (8.5% of earnings), distributes Cutty Sark, Smirnoff, Old Crow and Gilbey.

But Pernod Ricard has some very pressing reasons for taking the export route. Not only is it taxed to the eyeballs at home but it also is constantly in need of good public relations *vis-a-vis* the French government and the French consumer. These days, the way to the government's heart is to help France's balance of payments problem.

However, in order to export pastis, the first step is to create a demand. "We find that foreigners are motivated by traditional drinking habits," Mr. Bouffard says. "Licorice or aniseed in a drink is very strange for them. Our tests show that media can stimulate a demand that already exists but it cannot create one."

▪ This year Pernod Ricard is spending $47,960,000 in Europe, particularly in England, Spain and Germany. The largest part of the budget will go toward public relations, point of sale promotions and gimmicks. In the four years of its export drive, the company has managed to bring foreign sales up to 18% of turnover.

In England, where Pernod always has had a small following, the results have been encouraging (sales up 34% last year). Pernod has thus managed to squeeze into 20th place in the hit parade of alcoholic drinks across the channel, although, to the Frenchmen's horror, the British have taken to mixing it with orange juice, Schweppes or even cassis.

▪ Added to the difficulties of changing national drink preferences is the distribution problem, which has been solved in Britain with the purchase of the Parkington Co., longtime Pernod supplier.

As for the states, Pernod Ricard president Patrick Ricard says that the Austin, Nichols purchase is the result of a two-year search during which he almost bought a vineyard in California.

Meanwhile the company has been testing pastis in the Boston area. Comments Mr. Bouffard dryly: "We are obliged to admit that our efforts have not been crowned with success at the moment."

Now, with the Austin, Nichols deal signed and sealed, it will be interesting to see how the famed Ricard flare for public relations and publicity will be applied to the challenge of the U.S. market. #

GF, B-M put backing behind new WPIX net

NEW YORK—General Foods and Bristol-Myers each has allocated $1,000,000 annually to get WPIX' new Independent Network News starting off looking healthy.

Leavitt J. Pope, president of WPIX, said the network will be operated as a division of the station. Heading the venture will be John Corporon, vp-news.

INN premieres June 9 with a nightly Westar III feed of a 30-minute newscast to 30 independent stations across the country. GF and B-M each bought a nightly 30-second position.

Produced here by WPIX, the program will star its current anchors, Pat Harper, Bill Jorgensen and Steve Bosh. The show will air here and in a number of cities at 10 p.m. (EDT).

▪ A news bureau is to be opened in Washington and foreign feeds will be secured from UPI and Visnews via satellite. Outlying stations will transmit stories to New York for use in the program.

Mr. Pope said transmission via the domestic bird can start promptly to most stations since they own or have access to the earth terminals required to pick up the show. A few still must get their dishes ready to receive.

The WPIX president stressed that this will bring the country its first national prime time tv newscast. (Cable News Network starts June 1, but with about 3,000,000 homes on the cable subscriber list.) The indies included in the initial lineup for Independent Network News together can be seen by 40,000,000 homes—or more than half the total number of U.S. households.

INN will have three minutes to sell at $4,000 a 30, and the stations will have three minutes. Between the local telecasters and the network, it's a straight swap.

▪ Mr. Pope thinks, with luck, this could be the start of that much-looked for fourth over-the-air tv network. Expansion hopefully will come on the station list as well as in the program lineups. Next on the schedule might be a second daily newscast, he said, or an extension of the first to seven days a week.

Also under consideration for this WPIX division: Independent Network Sports and Independent Network Special Events. #

WILLIAM MORIARTY

NAPA, CAL.—William F. Moriarty, 62, former ad manager in San Francisco for *Fortune*, died here on April 16. A native of Chicago, Mr. Moriarty served with *Fortune* in Chicago and Cleveland before transferring to San Francisco.

HELEN DEITCH

NEW YORK—Helen H. Deitch, 72, former co-owner of William Douglas McAdams Inc., the health care advertising agency, died of cancer on April 27 at her home here. Mrs. Deitch, who retired in 1972, joined the agency in Chicago in 1929 and served as a senior vp.

BARBARA PHILLIPS

NEW YORK—Barbara Phillips, 58, account executive at Doyle Dane Bernbach since 1965, died here May 5 after a long illness. Mrs. Phillips also had served at Grey Advertising and the old Clyne Maxon agency. At DDB, she worked on Polaroid, Avianca and the United Way Tri-State campaigns. #

Major W-L boost backs new candy, gum entries

NEW YORK—Warner-Lambert plans to boost ad spending 25% to $522,000,000 worldwide this year, with a major portion of the increase supporting new and reformulated candy and gum products.

According to Joseph D. Williams, president, the company plans to increase media spending for candy and gums in the second half of this year 30% over the same period in 1979. Mr. Williams' remarks were made here at the company's annual stockholder's meeting. Last year, W-L ad spending rose only 6% over the previous year to $415,900,000.

Mr. Williams noted that Freshen-Up liquid center gum and Trident sugarless mints have both been reformulated and Chewels liquid center sugarless gum has just rolled national.

The company next month plans to begin testing a new sugarless mint in the breath protection segment. Trident Candy Fruits sugarless roll candy positioned in the taste segment remains in test.

Another of W-L's most successful businesses, Entenmann's baked goods, is rolling into Atlanta to add another 2,000,000 consumers to its reach. Plans call for expansion into Pittsburgh in June.

▪ In Atlanta, Entenmann's plans an outdoor and newspaper effort intended to reach 80% of consumers 12 times during the introductory period. More than 1,000,000 coupons will be distributed, and advertising is set to appear on 77 outdoor boards. J. Walter Thompson Co. is the agency. The Pittsburgh introduction calls for a similar advertising and promotion program.

In response to a stockholder question, a W-L exec said the company has no plans at this time to enter the fast-growing weight control market. However, the company has applied for a trademark for Waistline in the appetite control product category. #

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Advertising Age

50 YEARS 1930-1980

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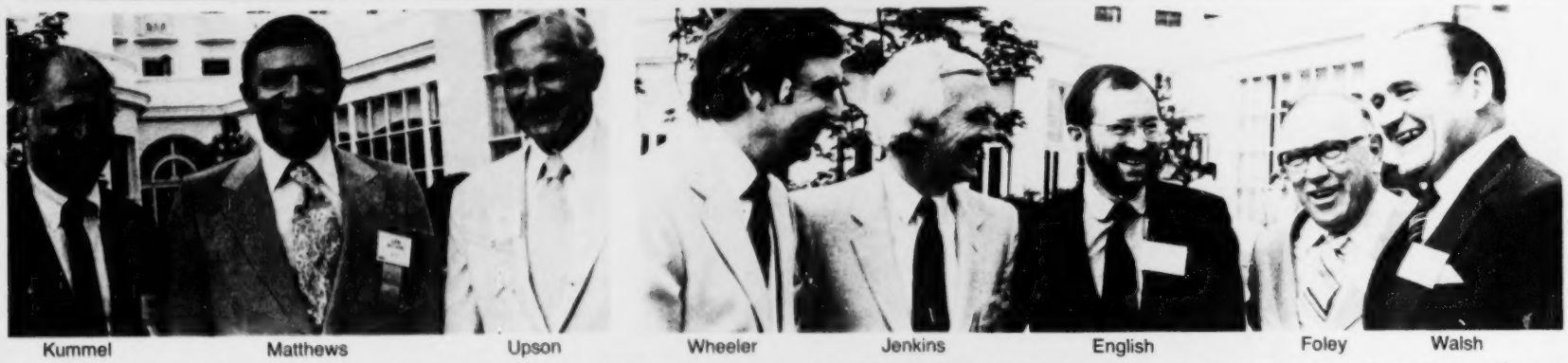

Kummel Matthews Upson Wheeler Jenkins English Foley Walsh

With the Greenbrier in the background, American Assn. of Advertising Agencies president Leonard Matthews welcomes incoming chairman Gene Kummel of McCann-Erickson International and outgoing chairman Stu Upson of Dancer Fitzgerald Sample. Visitors on hand for the Four A's annual meeting included David Wheeler of the Institute of Practitioners in Advertising, London; Geof Jenkins of Spitzer, Mills & Bates, Toronto; Mike English of Ted Bates Ltd., London; Larry Foley of the Institute of Canadian Advertising, and Oliver Walsh of the Institute of Advertising Practitioners in Ireland. A record number of agency people attended the Four A's meeting. Photos by Mary Cairns.

Time to trim down, Four A's told

WHITE SULPHUR SPRINGS, W.VA.—The advertising agency business, meeting here under sunny skies, felt the chill of recession as the American Assn. of Advertising Agencies' leadership spoke publicly of reduced client budgets, slower pay, lower profits and the need to improve advertising effectiveness and productivity.

Stu Upson, outgoing Four A's chairman and chairman of Dancer Fitzgerald Sample, predicted a "rough" recession—rough on agencies, its people and profits—because current ad budgets and new product investments will be trimmed.

Agency costs for rent, taxes, transportation and "mainly salaries" must go up, and he warned that if the agencies' best people can't keep up with their personal costs on their present salaries "they will find a job which pays more."

Mr. Upson also called on agency managements to "rethink your structure and operations. Are you too heavy at the top? Are there too many internal approval layers? Do your future stars have a clear growth path?" He advocated productive evaluation systems, avoidance of meetings "which should take ten minutes and take half an hour."

Once the agency house is in order, he said, clients can be approached with ideas for increasing productivity, such as: Be certain strategies are tight and agreed upon, eliminate excessive alternatives (they are costly) and develop an annual "mutual evaluation program" to deal with waste and problems before they get out of hand.

Mr. Upson also said agencies mustn't waste time on new products or concepts until management has agreed they are "rational opportunities," should "travel fewer people on both sides," and work with clients to streamline approval layers so that "the true decision maker sees the work early."

Mr. Upson concluded, "The only way to offset inflation is to enhance productivity, and productivity to us is a better use of our only asset, our great people and their very, very valuable time."

In his opening address, Four A's president Leonard S. Matthews warned that although billings and dollar profit volumes were on the rise, profit margins were not.

After noting that some 83% of the member agencies reported increased billings last year and 71% increased dollar profits, he said 40% of the 30 largest member agencies contacted in the last two

(Continued on Page 128)

last minute news

NBC asking $275,000 for Super Bowl spot

NEW YORK—NBC-TV is asking $275,000 per 30-second spot on its coverage of Super Bowl XV on Jan. 25. With a 6 p.m. (ET) start, the game originating from New Orleans will spill over into prime time. Among clients already booked is Chrysler. Last season, CBS charged $234,000.

Mandel to Hearst; report 'Media People' folding

NEW YORK—Charles Mandel, founder and publisher of *Media People*, has signed on at the Hearst Corp. as publisher for the magazine development group. It includes *Science Digest*, *Country Living* and other test projects. *Media People* reportedly has suspended publication.

Nadine Peterson leaves DDB, forms consultancy

NEW YORK—Nadine Peterson, senior vp-creative director, Doyle Dane Bernbach, is leaving the agency, effective May 31, to form her own consulting company. Ms. Peterson said her departure is based on personal considerations. No successor yet.

(Continued on Page 8)

United Vintners joins trend

Soft wines in hard drive

NEW YORK—When United Vintners talks about the "soft" wine market it will attempt to stimulate with an aggressive comparative campaign, they're not referring to half-hearted consumer demand.

Just the opposite, in fact. Soft, in this case, describes a line of three, low-alcohol generic wines that the Heublein subsidiary is pitting against two of the leaders in the brisk table wine market. The comparative tests that form the basis of United Vintners' campaign in three test markets have convinced the company that demand will be anything but soft.

Commercials with the theme, "Softness you can actually taste," feature consumers who rate the generic soft chablis over Paul Masson and Almaden offerings. While the three soft wines contain 10% alcohol or less, United Vintners has opted to focus on the sweeter, fruitier flavor of the new wines in positioning the product in the U.S.

▪ The three Lejon brand wines—a chablis with 10% alcohol, a burgundy with 8% alcohol and a rose with 9.5% alcohol—are being tested in Albany, N.Y.; Milwaukee and Seattle. The tv spot from McCann-Erickson promotes only the chablis and is due to break during the first week in June.

In pursuing a three-year yen to market the low-alcohol wines—an ambition hampered by California law until last December—United Vintners had a model for success in the category.

California regulations forbade the production of wines with less than 10% alcohol, but that didn't mean that Americans couldn't drink them. The most popular imported brand—Riunite—and the most popular import category—lambrusco—qualify as soft wines, though few consumers are aware

(Continued on Page 126)

Time picks its new team

NEW YORK—J. Richard Munro has been chosen to succeed retiring chairman and chief executive officer Andrew Heiskell as the top man at Time Inc.

The 49-year-old exec vp, who takes c[illegible] Heiskell on Oct. 1,

the giant communications and forest products company. Ralph P. Davidson will move up to chairman.

Currently vp, Mr. Davidson will be second-in-command to Mr. Munro, with responsibility for [illegible] relations with the federal government and business organizations, as well as directing its social responsibility programs.

Mr. Munro, an avowed early deck-hitter (he customarily arrives at Time headquarters from New Canaan at 7:15), has known about his planned ascension for "two to three months" and claims he has been preparing for it for the past 24 years.

Those preparations, of course, came to a head last August when he and Messrs. Davidson and new exec vp Clifford J. Grum were named a trio in the chairman's office. "They were giving us the deck

(Continued on Page 126)

Time Inc. executives

J. R. Munro, president-ceo | R. P. Davidson, chairman | C. J. Grum, exec vp

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Paley in no hurry for successor

By MAURINE CHRISTOPHER

NEW YORK—Communications and financial circles continue to speculate over how, when and why John Backe was forced out as president and chief executive officer of CBS Inc. But William Paley, the founder and real boss there, showed no signs of being in a hurry to find a successor.

However, Mr. Paley is a master of surprise and could fool nearly everybody as he did when he started the events that led to Mr. Backe's departure the day after the CBS president had triumphantly returned from the CBS-TV affiliates meeting in Los Angeles.

Mr. Paley would not talk about what happened to change his mind about the man touted as a "wise choice" to head the CBS empire in the 1979 Paley autobiography. Mr. Paley was equally silent about what happens next.

▪ After a week of digging, reporters were being led to believe that Mr. Paley and the CBS board, which traditionally supports him, had been looking for a new president for some time and that Mr. Backe had jumped before he was pushed. But there is no successor in sight.

Industry observers like Mike Dann, former CBS-TV program chief, pointed out that Mr. Paley, relying on group and division presidents, would not miss Mr. Backe "all that much."

Supporting this theory was the fact that Mr. Paley, an active chairman who has always been the boss whatever his title, is quite comfortable running Black Rock in the interim until another president is found. And while talk of uncertainty at the top and Wall Street concern over a corporation which keeps dumping young heirs-apparent floated over his head, the man in charge obviously felt no instability.

▪ At CBS the main concern now rests with the May prime time sweeps and Bob Daly is in charge of that. So far, the Nielsens have CBS slightly ahead with a 16.4 homes rating to 16.2 for ABC and 15.2 for NBC.

Here and in Los Angeles, CBS sources noted how well Mr. Paley gets along with Mr. Daly, the president of the entertainment division. As a result, Mr. Daly has been mentioned as a Backe successor (though not as chief exec)—if a top Hollywood production name, say Mike Eisner of Paramount—can be hired to replace Mr. Daly.

Mr. Backe was not talking to reporters. He reportedly has a silence clause in his $1,000,000-plus settlement. Some people think it's more like $2,000,000-plus since $1,000,000-plus was what his predecessor, Arthur Taylor, left with when he was abruptly dismissed four years ago.

Such liberal settlements usually include prohibitions against working for the competition, but few, if any, people in broadcasting have been aggressive enough to put them to the legal test. Mr. Taylor has returned to an earlier career—high financing, setting up his own company to work with the Rockefellers and others. #

Color newspaper pages support Chicago launch of Royal Crown's new RC 100 caffeine-free cola, via Don Tennant Co. (AA, May 5).

Two spots test new brew

Adolph Coors Co. is using two commercials in the test markets for its new Herman Joseph's 1868 beer (AA, May 5). The spot at top introduces a "big night" theme, when a big Herman Joseph character arrives. The other has two girl watchers deciding on the new beer over Lowenbrau and Michelob for that "once in a lifetime" occasion. Ted Bates & Co. handles.

DMMA discards Sat. mail

WASHINGTON—A Direct Mail/Marketing Assn. group seemed ready to abandon Saturday mail delivery with few regrets last week, especially when its demise is linked to easing pressure for higher postal rates.

The more than 100 DMMA members, here for their annual government affairs meeting, showed their sentiments when Postmaster General William Bolger asked for a show of hands on the Saturday mail issue.

While the group split about evenly on continuing six-day delivery, the balance shifted strongly in favor of ending Saturday mail the moment the postmaster general suggested the service cutback could be a tradeoff for higher rates.

▪ DMMA members were meeting just as Senate and House budget committee members were trying to nail down a joint position on how deeply they will cut federal postal subsidies to balance the federal budget next year.

The exact size of the subsidy cut, observers said, could easily be in the $600,000,000-to-$700,000,000 range, more than enough to force the postmaster general to begin the process of ending six-day de-

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Cable hopefuls crowd in

By MAURINE CHRISTOPHER

DALLAS—Is there room in the expanding cable universe for Getty Oil, CBS Cable, another Home Box Office maxi service, Showtime, Warner Amex—and all the smaller names that are programing for wired tv?

That question is sure to come up repeatedly as the National Cable Television Assn. meets here for its biggest convention to date.

At a press conference, Getty's Getcom and its movie producer associates presumably will talk specifics about pricing and timetables for their upcoming Premiere pay cable network (AA, April 21). HBO will unveil a second service that is said to be somewhat more highbrow than the original HBO network.

CBS Cable, by contrast, just introduced to the catv industry via page ads in trade magazines, will come in quietly with a delegation of five. Leading the group will be Robert Shay, vp-general manager (AA, May 12), and his contingent will include Charlotte Schiff Jones, vp-marketing, a former exec with Teleprompter and *People*. They do not have a booth and will attend as observers.

Just when CBS will get rolling and with what is not clear. "We're enlarging our orbit" proclaims the

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highlights

Monday, May 19, 1980

Donald N. Smith leaves his position as head of Burger King to command a new food service division at PepsiCo. *See Page 4.*

Jovan Inc. is in the midst of litigation based on imitative practices. *See Page 6.*

National Advertising Division resolved 12 challenges to advertising last month. *See Page 10.*

Marketers may not like them, but auto rebates are becoming respectable. *See Page 14.*

Agencies host annual meetings and offer financial news. *See Page 20.*

Ampoules attempt a comeback in the U.S. skin care market. *See Page 28.*

Doyle Dane Bernbach took first place in the number of medals received from the Art Directors Club of New York in its 59th annual awards. *See Page 32.*

Backer & Spielvogel celebrates its first year in business. *See Page 34.*

Two major studies on the importance of market segmentation were presented at a Food Marketing Institute session. *See Page 40.*

Award-winning supermarket ads are shifting away from the hard-sell strategies of the past to a lighter approach, says Jay Burzon, advertising director of *Woman's Day*. *See Page 44.*

A monthly supplement of the *Santa Ana* (Cal.) *Register*, *Biarritz*, will become a monthly national magazine for women. *See Page 66.*

Though dogged by developmental problems, NASA's space shuttle has an eager core of marketers awaiting its first flight. *See Page 68.*

Paul Harper takes a look at trends and how they shaped the advertising industry during the last two decades. *See Page 75.*

Gene Gramm presents some new product ideas in The Idea Marketplace, including one with a twist on an old product. *See Page 80.*

Walter P. Margulies looks at how three banks approached a change in marketing strategy to stress a new corporate image. *See Page 85.*

NBC-TV has joined its rivals in seeking clients for the new fall Saturday children's tv season, with ratings front-runner CBS seen in the best selling stance. *See Page 100.*

Owners of Independent Television franchises in the U.K. have plenty of competition from bidders who would like to take over those franchises in 1982. LondonLiner Michael Thompson-Noel talks about the high stakes involved in the ITV auction and the moneyed participants whose hats are in the ring. *See Page 102.*

Regret and hope were key elements in the creative approach used in a successful promo campaign to foster awareness of cancer symptoms and treatment among India's populace. *See Page 104.*

The Canadian Government Office of Tourism has named two agencies to handle the $5,000,000-plus portion of its ad budget earmarked annually for U.S. media. *See Page 106.*

An injunction issued by the federal court for the District of Columbia calls for a redesigned logo on Hearst's *Science Digest*. *See Page 121.*

CBS is hoping that the ousting of John Backe as president of CBS Inc. won't put a damper on their celebration of a comeback year. *See Page 122.*

Speculation concerning the sale of Helena Rubinstein arises in the wake of executive reshuffling at the Colgate-Palmolive subsidiary. *See Page 130.*

Section 2

From an Olympic boycott to the growth of grass roots sports, marketers are finding 1980 full of surprise and change. How are they meeting the challenges? What trends are being set? This week's Section 2 focuses on sports marketing and begins opposite Page 72.

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Grey/2 acquires Conahay

NEW YORK—Grey/2 a subsidiary of Grey Advertising, is acquiring Conahay & Lyon for a reported $1,400,000. The two $10,000,000 shops will combine to form a $20,000,000 agency known as Grey, Conahay & Lyon Advertising.

Although the reported purchase price is considered high, it was said to be justified by the healthy cash-at-hand situation at Conahay & Lyon. The Interpublic Group of Cos. is rumored also to have been hotly in pursuit of C&L.

Effective July 1, the two shops will merge their account rosters and move to expanded headquarters in the Chrysler Bldg. on Lexington Ave.

Conahay & Lyon, which lost the $11,000,000 IBM corporate print account last October (AA, Oct. 29), has such clients as Borden Inc.'s chemical division (Elmer's glue, Krylon sprays and Wall-Tex wall coverings), Carter Products division of Carter-Wallace for new products, Pakistan International Airways, Times Mirror Publishing Co. magazines and Crane Co. plumbing fixtures.

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